

WASHINGTON -- The key to bringing high-speed Internet access to rural areas lies in a federal program started in the 1930s to spread copper-wire telephone service, Rep. Lee Terry said Wednesday.

Terry, R-Neb., and Rep. Rick Boucher, D-Va., planned to introduce legislation today to overhaul the federal

Universal Service Fund and channel a portion of that money to promote rural broadband Internet access.

Terry and Boucher serve on the House Energy and Commerce Committee, which has jurisdiction over telecommunications issues. The universal service fee brings in billions of dollars each year to support telecommunications services for rural areas, the poor, schools and libraries.

The fund has been criticized because it is based on old-school models of long-distance service that are being challenged by new Internet-based voice services that aren't required to pay into the system. Terry said that is draining the base of fund contributors.

The financial struggles have prompted some to suggest scraping the entire fund system, arguing that it's unnecessary in an age when phone service already is nearly universal.

Terry sees the situation as an opportunity to promote rural broadband Internet access. He said the purpose of the fund would be shifted toward providing that access, which is the key to economic opportunities in rural areas. He cited the example of a butcher shop outside Beatrice, Neb., that has grown from three

employees to 50 based on Internet sales of boxed meat to all 50 states and Canada.

The proposed legislation would expand the base of contributors to the fund to include the Internet-based providers, while putting caps on the growth of the fund.

Terry and Boucher tried unsuccessfully to push the legislation during the last session. Terry said he is optimistic that they'll succeed this time, because the Democrats are running things. The former chairman of the Energy and Commerce Committee, Joe Barton, R-Texas, wanted to eliminate the Universal Service Fund, he said, while the new chairman, John Dingell, D-Mich., supports it.

